

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 AGRE-00 EB-08 L-03 IGA-02
SS-15 SP-02 CIAE-00 INR-07 NSAE-00 COME-00 TRSE-00
OMB-01 INRE-00 SSO-00 /108 W
-----116421 281549Z /53
O 281500Z JUL 77
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC IMMEDIATE 4169

UNCLAS DAMASCUS 4814

FROM THE AMBASSADOR

E.O. 11652: N/A
TAGS: EAID, USDA, EAGR, SY
SUBJ: FY 77 TOBACCO UMR - TITLE I PL480 SALES AGREEMENT

REF: (A) STATE 175389, (B) DAMASCUS 3000, (C) DAMASCUS 3635,
(D) DAMASCUS 3899, (E) DAMASCUS 4050, (F) DAMASCUS 3216

1. I AM DISMAYED BY REF (A) PROPOSAL THAT TOBACCO NOT BE
SUPPLIED UNDER FY77 TITLE I AGREEMENT. AS ALL CONCERNED AWARE,
TITLE I PROGRAM IN SYRIA IS PRIMARILY POLITICAL IN CONTEXT
OVERALL US EFFORTS IN MIDDLE EAST AND AS SUCH SEEKS POLITICAL
GOALS AS WELL AS ECONOMIC ONES. IN ORDER ACHIEVE THESE GOALS
HAVE ATTEMPTED TO MAINTAIN PL-480 LEVELS HIGH ENOUGH TO HAVE
DESIRED EFFECT ON SYRIAN GOVT. WHILE MEETING ITS COMMODITY NEEDS
FROM THOSE AVAILABLE UNDER TITLE I. IN THIS CASE, INITIAL
SYRIAN REQUEST DID NOT INCLUDE TOBACCO BUT WE PREVAILED UPON
GOVT ACCEPT ITS INCLUSION IN ORDER TO MAINTAIN SIZE OF PL-480
049&4-.. JUSTIFICATION FOR INCLUDING TOBACCO WAS LARGELY
EXPECTATION THAT DRAMATICALLY INCREASED IMPORTS FROM US IN 1976
WOULD CONTINUE (AS REFLECTED IN 35 PERCENT INCREASE IN UMR FROM
PREVIOUS YEAR). UNFORTUNATELY, THIS EXPECTATION DID
NOT MATERIALIZE BECAUSE (A) SYRIA IS FACING A SEVERE
FOREIGN EXCHANGE CRISIS AND (B) PARTIALLY AS A CONSE-
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QUENCE, THE NEW LATTAKIA CIGARETTE FACTORY IS
BEHIND SCHEDULE COMPLETION AND DID NOT OPEN.
IN FACT, 6000 PLUS TONS PURCHASED IN 1976 WERE MEANT FOR
NEW FACTORY AND NOW STOCKS OF TOBACCO IN SYRIA FAR
EXCEED CURRENT NEEDS, WITH ONE EXCEPTION: EXISTING
CIGARETTE FACTORY IN ALEPPO NEEDS BURLEY TYPE TOBACCO
FOR BLENDING WHICH SYRIAN GENERAL ORGANIZATION FOR

TOBACCO (GOT) HAS NOW ORDERED THROUGH PL-480 (PA-SY-5007).
COMMERCIAL GOT WILL ONLY PURCHASE 350 MT WHICH IS
NO WHERE NEAR MEETING UMR FOR FY77.

2. MISSION FIRST STARTED TO ALERT WASHINGTON TO THIS
PROBLEM LAST MAY (REFS B-E) YET WASHINGTON ONLY IN-
FORMED US OF SERIOUSNESS PROBLEM NO MORE THAN ONE
MONTH BEFORE DEADLINE FOR ARRIVAL AT US PORT AND AFTER SARG
MADE PURCHASES. IN ADDITION, MISSION FORWARDED SARG REQUEST
(REF C&F) FOR PURCHASE TOBACCO UNDER CCC CREDIT, BUT WASHINGTON
DID NOT REPLY. EARLY REPLY IN JUNE WOULD HAVE
ENABLED SARG TO HAVE MADE DECISION ABOUT SHIFTING
TOBACCO TO CCC AND SUBSTITUTING OTHER COMMODITY UNDER
TITLE I. AGATT (REF E) ASKED JUNE 28 IF THERE ANY
POSSIBILITY PL-480 APPROVALS WOULD NOT BE GRANTED.
NO RESPONSE UNTIL REF A RECEIVED JULY 27.

3. SYRIAN GOVT WILL FACE SERIOUS DILEMMA SHOULD TOBACCO
BE DROPPED FROM PL-480. GOVT HAS URGENT NEED FOR BURLEY
BUT LACKS FOREIGN EXCHANGE MAKE COMMERCIAL PURCHASES.
SHIFTING TO ANOTHER COMMODITY AS SUGGESTED REFTEL
CREATS OTHER PROBLEMS. WE HAVE DONE SOME PRELIMINARY
CHECKING AND SEE POSSIBILITY FOR SUBSTITUTING SOY OIL
OR WHEAT (NOT WHEAT FLOUR). (SYRIA'S IMPORTS
OF THESE COMMODITIES HAVE INCREASED THIS YEAR AND UMR
CONSEQUENTLY NOT A PROBLEM). HOWEVER, WE HAVE NO FAITH
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WHATSOEVER SYRIAN GOVT CAN SHIFT GEARS, MAKE DECISION
GO FOR ALTERNATIVE COMMODITY AND ARRANGE FOR PURCHASE
AND DELIVERY TO US PORTS BEFORE END OF FISCAL YEAR,
EVEN WITH USDA'S FULL SUPPORT IN EXPEDITING PROCESS.

4. WE APPRECIATE UMR REQUIREMENTS AND HAVE FREQUENTLY
REMINDED SYRIAN GOVT OF THIS FACT BUT GIVEN ABOVE
DESCRIBED SITUATION SYRIAN GOVT CANNOT POSSIBLY MEET
UMR. WITHHOLDING PURCHASES OF BURLEY TOBACCO NOW WILL
HAVE SERIOUS ECONOMIC EFFECT AND ACT TO DETRIMENT
POLITICAL GOALS OUR PL-480 PROGRAM. THEREFORE, I MUST
REQUEST WASHINGTON TO EITHER WAIVE UMR OR EXTEND
SHORTFALL INTO FY78. LATTER ALTERNATIVE WOULD MEAN
LARGE UMR PURCHASE REQUIREMENTS IN FY78 BUT PROJECTED (IF
LONG DELAYED) LATTAKIA CIGARETTE FACTORY SHOULD MEAN
SUBSTANTIAL INCREASE IN DEMAND FOR TOBACCO IMPORTS.

5. REQUEST YOUR IMMEDIATE REPLY BEFORE WEEKEND WHEN
I NEXT SEE MINECON IMADEH.
MURPHY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DAMASC04814
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:38:59 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:03 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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